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May 26, 2003

Mr. Peter Hume, Chair
Councillors/Members
Environmental Services Committee
City of Ottawa
111 Lisgar Street
Ottawa, Ontario

File: P-1741

Mr. Chair/Members:

Re: Munster

General Comments

You have before you a City Engineer's report with Annexes A to E inclusive regarding the latest round of investigative activities for the proposed treatment of wastewater from Munster Hamlet.

I sincerely request that you review and consider the following and its attachments before you vote on the issue with respect to Munster.

The Environmental Assessment Act and the Ontario Water Resources Act are specific in what is required to obtain Environment Ministry Approval for the implementation of municipally generated wastewater. We are, as professionals, very familiar with these requirements.

One of the considerations requires an Environmental Study Report (ESR) that requires the detailed and "objective" consideration of viable alternatives under the law (EAA) and standards established in the OWRA.

Since the mid 1990's, the undersigned has been a party to virtually all the activities carried out by the RMOC and now the City of Ottawa.

In nearly 40 years of professional engineering, never has the undersigned witnessed the litany of unjustified interference in the process by City staff, deliberate manipulation of required assessment/characteristics and "sandbagging" of costs applied to "unwanted" alternatives to predicate a pre-determined result.

NWC's assessment of the overall effort by some City officials and some consultants in the past is that an effort to compromise the law and legal procedures has been underway for some time to justify a desired result that is obviously impossible to justify by following the law, the regulations and required procedures.

Stage 1 – Totten, Simms, Hubicki – Spray Irrigation Expansion

In 1996, TSH ridiculously “padded” costs and assessment matrices to justify the expansion of an out-of-date failed spray irrigation system. This eventually was halted – March 1998. Staff of the day ordered TSH to ensure Munster received “more of what they had”.

Stage 2 – Conestoga Rovers and the Pipeline Fiasco

The result of the 1998 CRA design-build tender call was also a gross manipulation of the procedures required and failure to follow the requirements of the Ontario Municipal Act requiring tendering “not only to be fair but to be seen to be fair”.

In spite of the naively laudatory comments of Councillor Janet Stavinga at that time that the exercise was open, transparent and fair, it was anything but. Merv Beckstead, COA of RMOC, assured Delta and NWC personnel (James Durrell) that staff (RMOC) would stay out of the process. They did not, and staff interference led to consultant manipulation of assessment matrices again, resulting in a bid process that cost proponents tens of thousands of dollars (Delta \$80,000; CMS \$65,000), etc. The costs are the nature of design-build bids. The Mayor (Chiarelli) assured the undersigned recently that those responsible for the interference are no longer around.

Proponents responding to the CRA tender call had the right to expect that all proponents solicited by RMOC/City would have to meet the same tender rules and conditions.

The negotiated “pipeline” solution did not meet these requirements nor did that proponent solicited by RMOC (Doran) have to “spend” in a fair and equitable competition, the monies dispensed by proponents that met tender call conditions.

It is interesting to note in the City Engineer's submission to this Committee, page 2 of 14, para. 6 of “Background”, to wit: -

“Design-build proposals were received by the former ROC in July 1998. The submissions were used as a means to obtain information for price guaranteed alternatives to be considered by CRA”.

This is an outrage! As a proponent, we rightfully understood the tender call to be a legitimate tender call justifying design-build expenses. This is deceit of the first degree. We spent \$80,000 on the response.

The OMB hearing, taking several months and thousands of man-hours, determined just that – deceit and an aura of “mistrust”.

Stage 3 – Enter R.V. Anderson

The result – yet another study by another consultant, RVA. For the first time, it was apparent that City staff and political interference was minimal, as represented in the report by RVA (XCG sub consultants et. al.) dated December 16, 2002.

It must be noted that XCG Consultants et. al. showed up at NWC without having reviewed any previous documents generated by CRA and the respondents of the July 1998 tender call.

This is not only questionable information gathering technique, but is unacceptable professionally in that it gave the undersigned, as well as several other parties interviewed by this group, that the “fix was still in for a pipeline”. XCG was so advised.

December 16, 2002 RVA Study

Upon reviewing the RVA study, our concerns regarding the interview were realized. There were several costing errors and several assumptions that were entirely wrong vis a vis the assessment of Snowfluent*/EVC* process and its specific application to Munster Hamlet.

NWC submitted revisions and additional information to RVA/XCG on February 19, 2003. These amendments and additional information ARE APPARENTLY NOT CONSIDERED in the Technical Memorandum dated April 30, 2003 prepared by RVA, nor were these amendments and additional information considered in the Report to the Environmental Services Committee dated May 2, 2003. This position refers to costs and Approval requirements particularly.

THIS IS UNACCEPTABLE.

Stage 4 – Report to Environmental Services Committee & Annexes A to E Inclusive

Note: Annex A is the April 30, 2003 RVA report – Munster Hamlet Wastewater Review Technical Memorandum, Ref RVA 5969

This document is no less a manipulation of the facts by City Engineers to again predicate a result – a pipeline option over the recommendations of the December 16, 2002 RVA report – an obvious contradiction.

Not only was the submission of February 19, 2003 by NWC to RVA/XCG not completely considered, but:

1. Costs have been arbitrarily escalated again by RVA and City staff in Annex A to portray the on-site option by NWC in an uncompetitive light.
2. Add-ons, included in the price of 2.573 million dollars, some included, some absolutely unnecessary (studies) have served to unfairly increase the cost of NWC on-site option.
3. Gross exaggeration of MOE requirements for an amendment to the existing ESR again serve to unfairly portray NWC's option in a bad light.

Note: Discussions between Mr. Wayne Newell and the undersigned engineer resulted in Newell's insistence that if the current ESR and CRA's amendment thereto is opened, the whole ESR must be "restarted/redone", considering all alternatives. This position is similar to the erroneous advice given this Committee in March of 1998 by Mr. Tim Marc, legal counsel for the RMOC/City of Ottawa (see City Engineer's report, page 6 of 14, para. 3).

Mr. Marc was wrong then, and Mr. Newell is wrong now. The undersigned draws your attention to the attachment from MOE's "Approvals/Environmental Assessment Branch", per Ms. Gemma Connolly, responsible (expert) for environmental assessment policy and decisions, judgements thereto.

Pages A-71 and A-72 of Part A, Class EA (proponents for self-assessment) of the MEA – Municipal Environmental Assessment, Section A.4.2.2 Revisions and Addenda to Environmental Study Report – Change in Project or Environment

This contradicts the City Engineer's position and, as such, minimizes the "problem" described by this report to the Committee rather than maximizes it.

The result of this interpretation by the City is prejudicial to both on-site options.

Bump-Up Requests

The pipeline is portrayed as a “fait accompli”. It is not. The Richmond Village routing is not approved as yet and if a bump-up request is made, a 60 – 70 day (100 day max) item for response by MOE (two 30 day periods), it is most likely to occur here.

Schedule/Timing

The time/completion estimates here are deliberately prejudicial to the on-site options. They were not discussed with this proponent and as such are gross exaggerations of the truth, again to effect showing the NWC on-site option in a bad light compared to a pipeline, for which the final routing has not yet been decided or approved.

An order to NWC before June end would result in system implementation by year’s end at the earliest and early 2004 at the latest.

This issue of design-build approvals and schedule was not discussed with the undersigned at any time, by any reviewing party.

Life Cycle – Cost Benefit Analysis – 60 Years!

In order to justify a pipeline over the recommendations of the RVA December 16, 2002 study, a facetious and ludicrous financial analysis based on 60 years has been used to show a pipeline to be competitive with the recommended on-site options.

1. As economic conditions 60 years from now are completely unpredictable, such financial considerations are ludicrous, applied either to the pipeline or the on-site options. Even the Swiss do not speculate on the value of gold as much as 20 years into the future.

Economic expert, ref. Dr. Arch Ritter, Ph.D., Carleton University Economics Department, concurs. “Such rationale is unacceptable”.

2. Considering the actual physical components of NWC’s on-site option proposal are virtually the same as those required in a pipeline pumping system, including ROPEC’s anatomy, except more pipe is required for the pipeline option, therefore, more environmental risk (concurring by R. Andres RVA), the 60 year life cycle, therefore, applies to the on-site option as much as to a pipeline with its pumping stations (plural), controls, maintenance, etc.

Therefore, even if the pipeline were the same cost to build as the on-site options, WHICH IT IS NOT, and the operating costs were the same, WHICH THEY ARE NOT, there should be no advantage on any economic consideration or life cycle cost analysis basis: pipeline or either on-site option.

3. As the basic costs credited to the NWC on-site analysis are incorrect and excessive, as noted above, a 60-year life cycle analysis will necessarily seriously distort the apparent cost comparison of the on-site option to the pipeline.

Similarly, an underestimate of the pipeline, which the undersigned, as an expert in pipeline installations considers exists in this comparison, 60-year considerations will be similarly distorted to advantage the pipeline option.

Again, as an expert in pipeline installations, and having reviewed published documentation of the proposed pipeline to Richmond from Munster, it is the undersigned's professional opinion that the total capital costs, including materials, equipment, machinery, lagoon renovation, pipeline installation, drilling, blasting, rock removal, bedding, AND THE PROPER PROPORTION of the Richmond pumps and pipeline upgrade added, will be well into 8 figures, and not as stated in the RVA and City Engineer's reports.

4. Regarding the "60-Year Financial Consideration" – Future Policy

The Municipal Act of Ontario clearly forbids current Council Policies to "bind or commit to actions or expenditures future Councils".

Munster is classed as a no-growth area under the current City Master Plan. Commitment to a pipeline "binds" Munster to a continued "no growth status" for 60 years based on the use of a 60-year cost benefit justification.

As Ottawa grows, that plan will change many times and pressure to remove the no-growth status will come in the next few years. This has been the case in the past and so it will be in future.

The commitment to a pipeline under these conditions is irrational. Eventually, a pipeline may indeed be required to serve a growing Munster, but such a pipeline must foster growth along such a pipeline to justify its cost. Consequently, such a pipeline system will have greater capacity and greater cost with far more rational financial/growth justifications.

This is one of the most important considerations for this Committee, to reject a pipeline at this time.

5. This 60-year consideration does not incorporate the inclusion, application and effect of newer technologies and MOE standards changes in the reasonably near or long term future.

The NWC on-site option will result in a far higher standard of treatment than that of ROPEC and can meet increased standards of treatment for some considerable time into the future. The current Westport plant operates at a standard far higher than any other plant in Ontario.

This land application combination technology can be easily changed and improved at minimal cost, because of its inherent self-containment.

Page 4 of 14, Discussion (City Engineer's Report)

Paragraph 1 – Comment – “based on current standards any one of the three alternatives could be considered viable”.

Note: “Based on current standards” must be considered a condition of such a statement. Should those standards change, system upgrades will be required.

To compare the current RVA (December 16, 2002) recommendations with the OMB hearings stalemate between CMS and CRA is again ludicrous. This was not the problem at all.

CRA had, at staff beckoning, carefully manipulated the matrix scoring. CRA engineers, Godin and Nakla, refused to change their assessments, which were proven to be wanting, which would have entailed an admission that they had erred or deliberately manipulated the matrices scoring. They declined to change their position. RVA has not been involved in such disreputable activities. Therefore, it is not the same.

Incorrect or incomplete information in RVA's assessments, which, in this case, is forgivable. It becomes a matter to simply make the corrections in good faith and get on with it.

Speaking for NWC only, the changes and corrections to NWC's basic costs and addressing other incorrect assumptions made would definitely make NWC's on-site option far more attractive than as stated in the RVA report(s).

Considering the 60-year life cycle exercise, NWC has asked RVA to distance themselves from such a consideration as constituting a recommendation or conclusion in selecting a pipeline-preferred-alternative (see May 22, 2003 letter to R. Andres of RVA from the undersigned, attached).

Additional Land Requirements for NWC's On-Site Option

XCG made an understandable error in assuming that the snow storage facility and the land application of filtered wastewater (Intermittent Filtration) during summer and fall months were two separate areas. They are not.

At winter's end, the lagoons will be empty. The lagoons will refill during April-May to June 15th. By this time, snow is gone and intermittent filtrated wastewater can be land applied on the snow storage site, now void of snow. No additional land is needed unless hydrogeological studies clearly show that extra land is needed. That study will be carried out by NWC, inclusive in its price. Like the pipeline, the lagoons will be used to dispose of solids (volatile solids).

Delta/Solroc carried out hydrogeological work during the 1998 design-build tender call and the cost was part of the \$80,000 cost. That information is still relevant. More will have to be carried out, included in the price.

MOE will confirm if more study is required as part of the C of A requirement.

There is no additional cost to the City accordingly.

Contrary to the statement in the Engineer's Report to Committee, RVA/XCG were not "very familiar and knowledgeable of the issue associated with the implementation" of the NWC on-site option. However, their overall process experience and basic skills as engineers afford them the facility to become knowledgeable and fairly assess the alternatives, provided they work to the level required with the on-site proponents such as NWC to make a fair assessment.

Time did not allow this on the first go around (December 16, 2002 RVA Study). Neither XCG nor RVA submitted their findings to NWC for review with respect to NWC's on-site proposal before producing the report.

Because the technology and knowledge thereof is proprietary, it is not reasonable that the first effort would be expected to be complete, thorough or conclusive.

As above noted, NWC submitted adjustments and corrections to RVA/XCG on February 19, 2003 (see attachments). Several adjustments and corrections were not made in any subsequent documents by RVA April 30, 2003 memorandum and May 2, 2003 City Engineer's Report to Committee, particularly as to costs and timing.

This is unacceptable and again, as above noted, unfairly prejudices NWC's on-site option's viability.

Doran Contractors – Comment

The award by the RMOC/City to Doran pending the OMB hearings was despicable and insulting. OMB's Katary was most distressed when he found out about it and doubly so when he discovered that RMOC's Mr. Marc standing before him, took credit for advising Council to proceed.

This action to hire Doran flies in the face of taxpayers and residents' rights under the law – the right of appeal!

Doran as well, did not meet the terms of the design-build tender call of July 1998 in any way. The competition, as such, was unfair.

The highly questionable position of the City's Senior Legal Counsel, recently, that the City retained the right to reject any and all tenders is unacceptable after the fact.

An attempt to technically, economically and environmentally justify the pipeline over all other options in 1998 (CRA Report) disqualifies the City's right to reject any and all bids at this time from the 1998 activities, undertaken by CRA.

Senior Legal Counsel for the City well knows that such an attempt serves neither the City nor his office very well at all.

Page 6, Para. 3

The statement that an addendum to the ESR would “as a minimum entail reevaluation of all six alternatives as identified by CRA in 1999...etc.”

THIS IS PATENTLY WRONG and an attempt to deliberately prejudice NWC and CMS on-site options.

It should be expected that City officials should be familiar with these requirements. If MOE officials did detail this information to the City, then it must have been done so out of ignorance of the rules.

NWC, as noted above, contacted the senior MEA/EA official responsible in Toronto at MOE Approvals/Assessment Branch, Gemma Connolly (see attached memorandum dated May 22, 2003).

In discussion with Mr. Andres of RVA, he concurs with (Connolly) and NWC's position of “close focus” with respect to any addendum. Such a complete review is not required at all!

Discharge to Ottawa River – Question

When do we stop polluting the Ottawa River with additional loads on ROPEC?

NWC's EVC* (Snowfluent*) Process - Page 7 of 14 City Engineer's Report

To class or refer to NWC's process as EXPERIMENTAL is libelous, and a "low blow".

MOE Approvals in Toronto, Mr. Janusz Budziakowski, P. Eng., Senior Technical Officer (416-314-8223), will confirm EVC* Snowfluent* is NOT EXPERIMENTAL. Call him, if you will. It is an approvable, acceptable technology reaching that status after years of testing and monitored operational success.

Several systems are installed in Canada and the USA, all operating to specification.

It is inferred and hypothesized that NWC's on-site option requires EXTRA assessment effort compared to other alternatives. This is false.

Page 7 of 14, Para. 3 City Engineer's Report

1. Reasonable Use is B-7 not 15-08 and is a normal consideration for any land application consideration and its effect on ground water in adjacent properties.

The Westport experience is that no effect has been detected to date (7 years). This has been confirmed by independent consultants' reports to the Village of Westport. Scott Bryce, Clerk Village of Westport (613-273-2191).

This work is covered by NWC's hydrogeological studies to be done.

2. The local Medical Officer of Health has no such jurisdiction for items of treatment management, fencing, etc. These are all approved or required by MOE Approvals. The local Medical Officer of Health has no experience in the approval of such an alternative as NWC's, as there is no direct discharge and no personnel handling of raw sewage. Disinfection is not required – MOE Approvals.

However, that being said, NWC will provide the courtesy of supplying the local Medical Officer of Health with a copy of the Design Report Brief provided to MOE. This should satisfy his interest in such an optional system.

Site Management Scheme

This is included in the Design Report Brief submitted to MOE Approvals in support of a C of A. This is no different for any proposal or alternative to be considered by MOE and is not specific to NWC's on-site option alone.

To cast the foregoing as an “extra” burden compared to all other alternatives is again misleading and specious.

A copy of the Westport Design Report Brief was submitted to RVA/XCG. It is requested that RVA confirms NWC's position with respect to the immediate foregoing comments by the City Engineer as “stating the obvious” and is not “burdensome” as inferred.

MOE Penalties – Ontario Water Resources Act

Again, “statement of the obvious”. Due process has been followed since the mid-1990's. At no time can MOE point at RMOC/City of Ottawa and claim lack of progress or procedure according to the rules, regulations and revised statutes of Ontario, let alone the Environmental Assessment Act and the Ontario Water Resources Act, OMB procedures, etc.

The Ministry does not have the will power to enter into an assessment of the shenanigans perpetrated by RMOC/City staff and its former consultants. The threat of fines levied against the City when the City is carrying out due process is of little or no concern. Any court would throw penalty consideration, out, if due process is underway. Again another red herring.

As a taxpayer of Ottawa, I urge them to carry out due process properly for a change. MOE may eventually find that will power if they do not.

Timing - Page 8 of 14 City Engineer's Report

The times stated here are gross exaggerations and completely unrealistic.

From a go-ahead on a design-build basis, including approvals and implementation, for NWC it is no more than 12 months maximum, 8 months minimum.

NWC would be pleased to have the opportunity to meet with the Environmental Services Committee and RVA to detail a practical schedule in support of the above maximum 12 months declaration.

Costs - Page 9 of 14, Para. 1 City Engineer's Report

This claim is wrong. A review of costs used in alternative comparisons do not reflect additional comments and cost adjustments. This statement is misleading. See details below.

Page 9 of 14, Para. 4 City Engineer's Report

OMB did not order 60 and 90 year cost benefit studies. This is incorrect.

Page 9 of 14, Para. 4 City Engineer's Report

This is a ludicrous statement, unacceptable for comparison purposes in every knowledgeable venue.

This statement is a ludicrous stretch to justify a pipeline as such has been covered in the foregoing.

Costs - Continued

With studies included, as required by MOE (see notes above), approvals et. al.

NWC's provision and implementation of a combination EVC* system as described in the foregoing and various attachments is 2.573 million dollars plus taxes, if applicable.

Plus:

- Extra land, which is questionably required, has an RVA allowance of some \$432,000. This number was developed without any input from NWC whatsoever.
- Additional consulting fees for RVA to act as a buffer between NWC and the City would be required, say \$125,000. This is taken from the City Engineer's budget (NWC proposal).

Considering the expressed bias against the on-site alternatives, and the excessive statements made in the City of Ottawa's report to the Environmental Services Committee, a buffer consultant to ensure proper implementation of on-site options is a good idea.

- This project now totals 3.31 million dollars, plus taxes.

This means a total price of less than \$3.5 million dollars would implement the NWC on-site alternative, ALL COSTS INCLUDED. NWC is prepared to guarantee that amount as stated "not to exceed".

Delivery would be 12 months after receipt of order.

Operating Costs

NWC is prepared to contract the total operation of its Munster on-site option for 5 years for \$100,000 per year, all costs included. A COLA clause will be applicable 12 months annually after the start up and first date of Functional Use. The pipeline will cost more than double this for operations.

Considering the City has insisted that Munster pumping costs are \$20,000 per year from Munster to the current lagoons, it would be interesting to hear the City's rationale for pumping the same volume to ROPEC based on the distance differential (220,000 m³/year).

Capital cost of the pipeline is a minimal 10 million dollars and more likely 15 million with all costs included:

- lagoon upgrade
- pipeline and contingencies
- pump station
- add on for Richmond upgrade
- ROPEC operations advertised in the Ottawa Citizen by RMOC as approximately \$0.60/m³ in 1997! What is it now?

Conclusions

NWC appreciates the Environmental Services Committee consideration of this submission.

If NWC was fortunate enough to receive a favourable "go ahead", Munster would become NWC's showpiece - locally.

We are local people with a highly effective system environmentally and economically, developed here in Ottawa. We employ local people and pay local taxes.

It is interesting to note that this project could account for some 25% of the tax savings sought in reducing currently proposed tax increases from 6.5% to 0%.

To date, of the 12 million dollars set aside for this project, and a reclaiming of fees from the 1998 Doran commitment, leaving 7 million dollars for this project, noting that NWC's on-site option frees up another 3.5 plus million dollars for further tax reduction from the remaining 7 million dollars.

This however, begs the question from the undersigned taxpayer, "Where did the 5 million dollars, spent to date, go?"

Respectfully submitted,

NORTHERN WATERTEK CORPORATION

A handwritten signature in black ink that reads "Jeff White". The signature is written in a cursive style with a large, sweeping flourish at the end.

Jeffrey A. White, P. Eng.
CEO & President

JAW/lp